



CalFresh Quality Control

"Hike to a Higher Payment Accuracy Rate"



Some Topics To Be Covered

- ◉ Why do we do QC?
- ◉ What is QC?
- ◉ QC Timeline
- ◉ How California is subject to fiscal sanctions?
- ◉ What is your role in keeping the error rate low?

Why Do We Do QC?

- The federal Supplemental Nutrition Assistance Program (SNAP) or CalFresh is intended to help low-income individuals and families obtain a more nutritious diet by supplementing their income with benefits to purchase food.
- SNAP/CalFresh requires states to engage in activities which measure the accuracy of benefits paid as well evaluate the eligibility decisions to deny or terminate benefits.
- This activity ensures that the right households are participating and receiving the right amount of benefits.

Why Do We Do QC?

- Required by Federal Law –
The Food Stamp Act of 1977 as amended.
- The requirement was recently reinforced
by the Improper Payment Improvement
Act of 2002 (IPIA)

What Is QC?

- A systematic method of measuring the validity of the CalFresh case;
- A basis for determining error rates;
- A timely, continuous flow of information on which to base corrective action at all levels of administration;
- A basis for establishing eligibility for enhanced funding or liability for excessive error rates (Sanctions).

What Is QC?

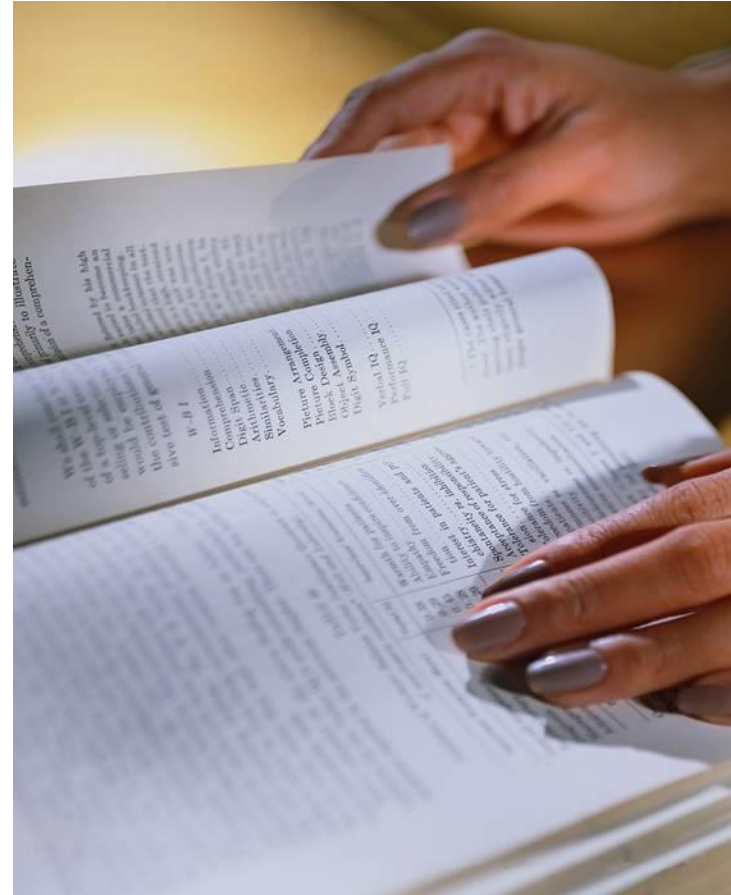
- On a monthly basis, QC reviews a statistical sample of households for the accuracy of the eligibility and benefit decisions on open CalFresh cases.
- These reviews comprise the “Active” sample.

What is QC?

- Eligibility decisions to deny CalFresh applications or to terminate an ongoing case are also reviewed.
- These reviews comprise the “Negative” sample.

FNS 310 Handbook

- This handbook provides procedures for conducting QC reviews of CalFresh cases



FNS 310 Handbook

- Describes the QC review steps such as –
- Determining the correct eligibility and budgeting system.
- Determining the correct reporting system
- Reviewing the case record.
- Conducting a field review.
- Determining the variances to include
- Determining the correct amount of benefits
- Determining the cause of errors.

QC Process/Workflow

- From Sample Selection to Final Decision on Cases filed for Arbitration

QC Process/Workflow




```
graph TD; A((Sample Selection)) --> B((QC Conducts Review)); B --> C((Analysis of Findings));
```

Sample
Selection

QC
Conducts
Review

Analysis
of
Findings

QC Process/Workflow



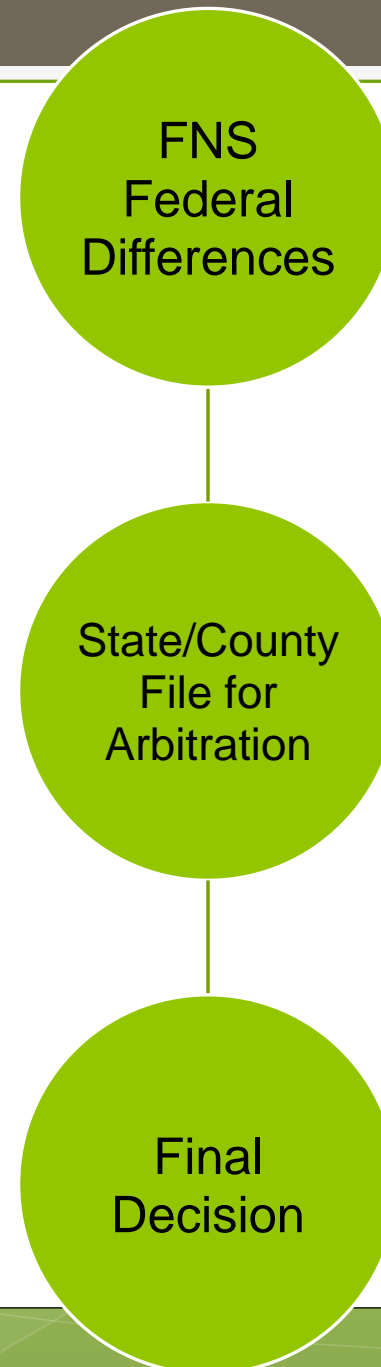
```
graph TD; A((QC file sent to CDSS For Re-review)) --> B((Corrected File Sent to FNS)); B --> C((FNS Reviews Sub-Sample));
```

QC file
sent to
CDSS For
Re-review

Corrected
File Sent
to FNS

FNS
Reviews
Sub-
Sample

QC Process/Workflow



Changes in QC - Timeline

● Office of the Inspector General (OIG) – Report Findings September 2015

- OIG's objectives were to determine whether FNS and the State agencies responsible for administering SNAP have adequate controls in place to ensure that SNAP error rates were accurately determined, the appropriate actions were taken to reduce the error rates, and State officials corrected any identified errors in a timely manner.

Changes in QC - Timeline

- **OIG – Report Findings September 2015**
- **Findings:**
 - FNS' two-tier QC process is vulnerable to State abuse due to conflicting interests between (1) accurately reporting true error rates and incurring penalties or (2) mitigating errors and receiving a bonus for exceeding standards.
 - States' QC reviews did not meet SNAP regulatory requirements and Federal oversight of State QC was inadequate.

Changes in QC - Timeline

- **OIG – Report Findings September 2015**
- **Recommendations:**
 - **FNS QC should change from a two-tier process to a one-tier process**
 - **FNS should amend and enforce policies to ensure error rates are accurate and determined in compliance with regulations**

Changes in QC - Timeline

- FNS sends CDSS its letter of findings from California's QC Integrity Review, July 1, 2016:
- Total of 26 findings: 5 from the interview(s) and 21 from the case review process
 - ERP - Error Review Panel
 - Bias and Understanding Bias
 - Documentation, Re-reviewer notes and recommendations not included in QC files sent to FNS
 - Accessibility to all eligibility systems
 - Likely Conclusion, not all elements documented

Changes in QC - Timeline

- **FNS sends letter to CDSS – Q&A Part 1 QC initiatives FFY 2015 and 2016, August 4, 2016**
- FNS QC Integrity Review will be conducted annually
- National QC training will be available October 2016
- One Tier review to be evaluated by FNS contractor in FFY 2017
- **Draft FNS 310 – Final draft to be released by start of FFY 2017**

Update on QCIR FFY 2016 – Reduced to 7 Findings

How California is subject to fiscal sanctions tied to the active (payment) error rate:

- Per the USDA-FNS Farm Security and Rural Investment Act of 2002,
- “Effective Oct. 1, 2002, makes substantial changes to the QC system that measures States’ payment accuracy in issuing food stamp benefits. Sanctions are limited to States that are not penalized with a 95 percent probability that their error rate exceeds 105 percent of the national average for two consecutive years. If a State’s error rate exceeds the threshold for two years in a row, a liability will be established”

How California is subject to fiscal sanctions tied to the active (payment) error rate:

- **Revisions in the 2014 Farm Bill tightened SNAP quality control rules, which included eliminating the authority of the Secretary of the USDA to waive a sanction the year it was assessed and that all performance bonuses received by the USDA-FNS are to be reinvested to into CalFresh to improve technology, administration, and program integrity.**

- What would a fiscal sanction look like based on FFY 2015 and FFY 2016 payment error rates which were above 105% of the national average for two consecutive years?
- The amount of the liability shall be equal to the product of the value of all allotments issued by the State agency in the second (or subsequent consecutive) fiscal year; multiplied by the difference between the State agency's payment error rate and 6 percent; multiplied by 10 percent.



Amount of all allotments for FFY 2016 = \$7,370,711,275

FFY 2016 projected error rate = 7.71% or .0771

6.00% or .0600

$.0771 - .0600 = .0171$

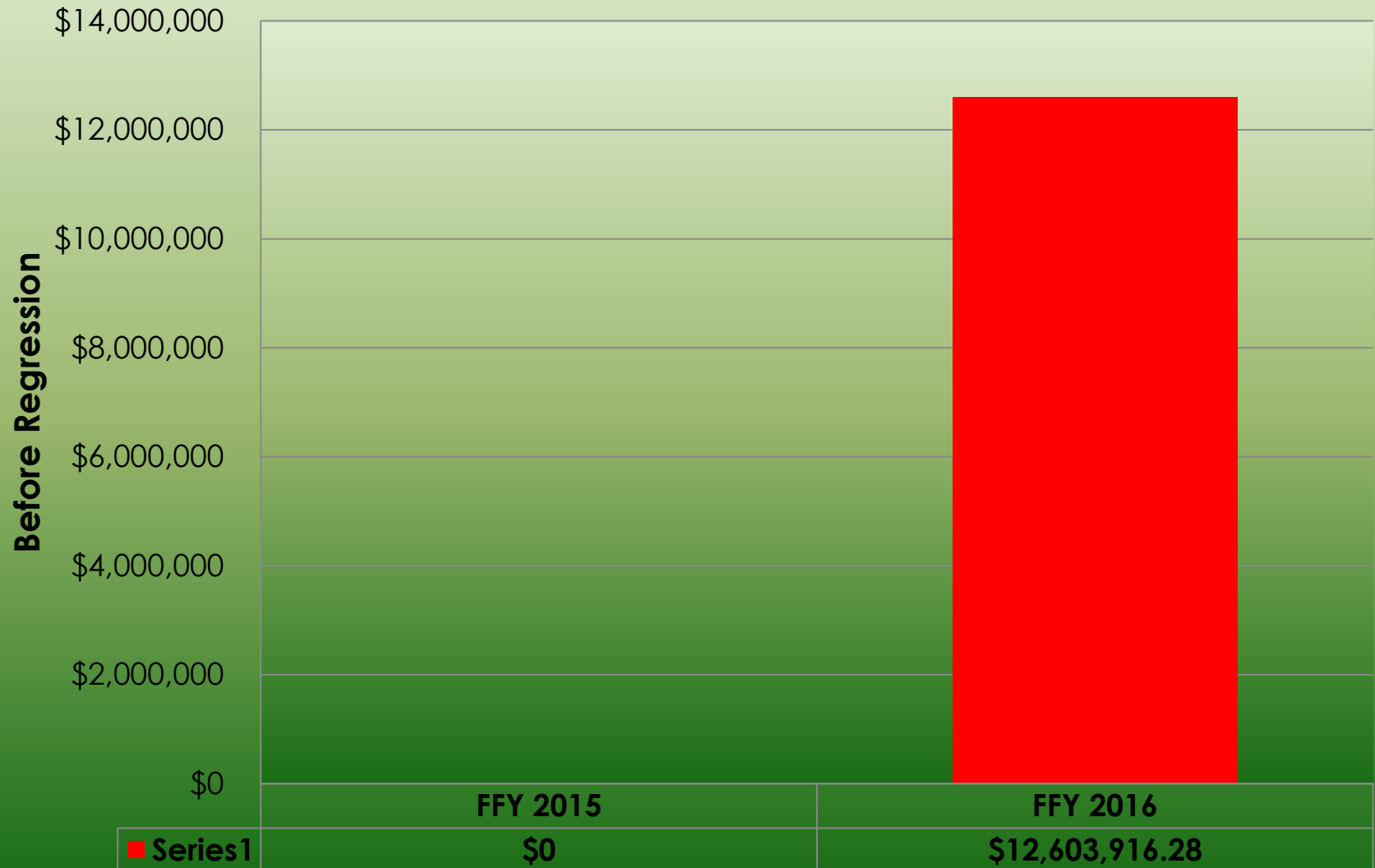
10.00% or .100

Sanction Calculation:

$(\$7,370,711,275 \times .0171) = \$126,039,162.80$

$\$126,039,162.80 \times .100 = \textbf{\$12,603,916.28 before regression}$

Projected Example of QC Fiscal Sanction for California



- Non-PMC vs PMC federal pass-on
- If California paid USDA-FNS upwards of over \$12 million dollars

...how would California be able to sufficiently fund counties that must still administer the CalFresh program?

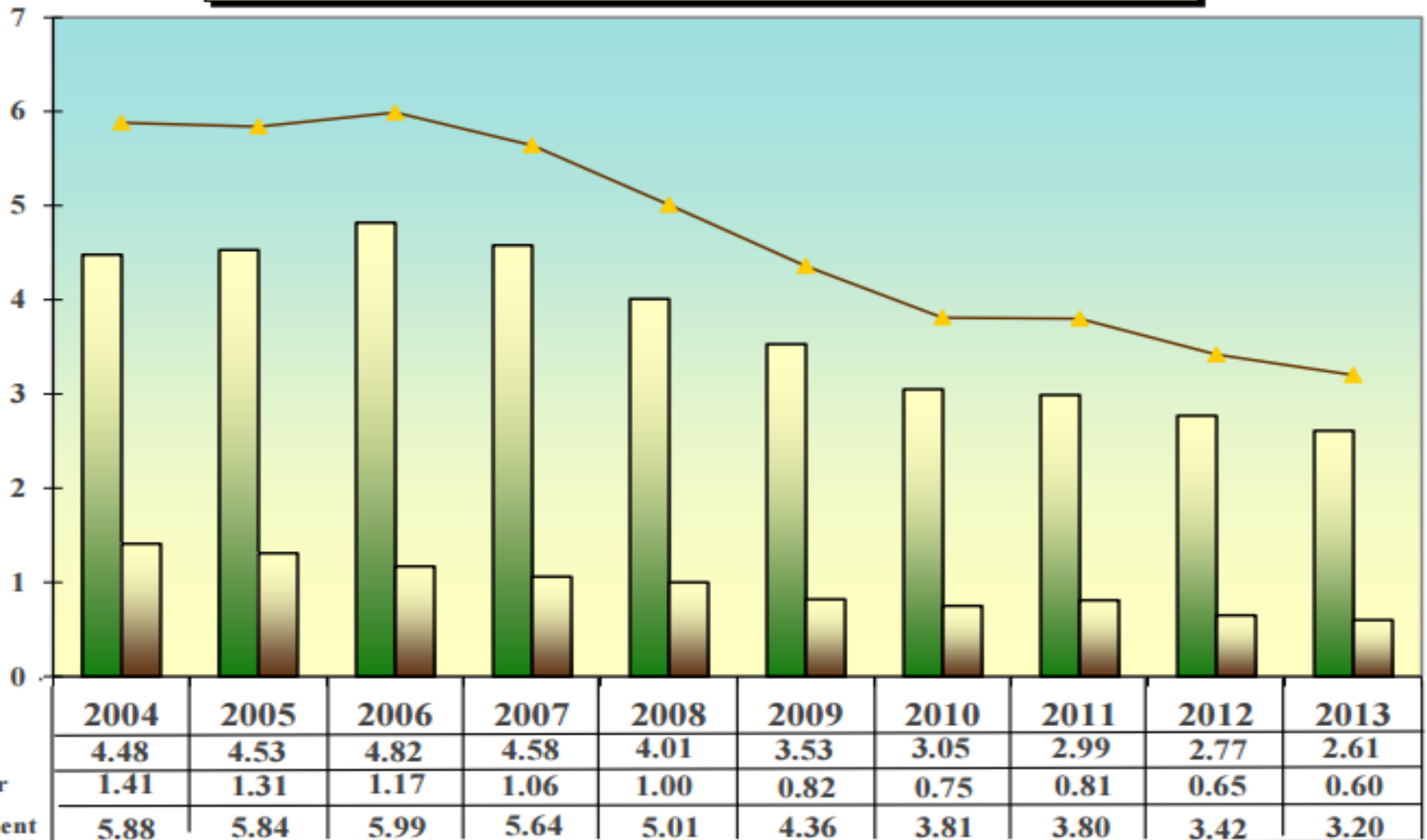
CalFresh Active Error Rate Trend FFY 2003 to 2015*



■ 2003 ■ 2004 ■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013 ■ 2014 ■ 2015



U.S. Error Rates FY 2004 - FY 2013



What Is An Error Rate?

- The active error rate is calculated by dividing the amount of error dollars for the cases completed by the total benefits paid for all of the cases completed for review.
- The negative error rate is calculated by dividing the number of invalid cases by the total of cases that were pulled for review.

SEE ERROR RATE ATTACHMENTS

**See Error Disposition of dollar errors for non-PMC
counties FFY 2017 thru 02/2017**

CDSS Corrective Action Follow-up

- CDSS will maintain and monitor errors that are cited for Active and Negative cases
- CDSS will also follow up with counties that spike with its error rate and/or continue to trend upward
- That follow up may be conducted via phone and/or in-person
- Upcoming - Corrective Action Plan (CAP) for Active Error Rate for ALL 58 counties



Following up to increase successful
completion of CalFresh applications



Considerations

- How can we keep the State out of any future fiscal sanctions?
- What is your role in keeping the error rate low?



CalFreshFYI-QC Google Group

<https://groups.google.com/forum/#!forum/calfreshfyi-qc>

CalFreshFYI-QC is your opportunity to stay informed with the latest information from CalFresh Quality Control.

TEAMWORK
IS THE KEY TO SUCCESS



dreamstime.com



"Hike to a Higher Payment Accuracy Rate"

